



PSC NEWS

Missouri Public Service Commission

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PSC Cuts AmerenUE Rate Request By More Than \$300 Million..... Says No To Electric Company Request For Fuel Adjustment Clause

JEFFERSON CITY---The Missouri Public Service Commission today voted to grant an electric rate increase of approximately \$43 million to AmerenUE. This amount represents a cut of approximately \$318 million, or 88 percent, from the company's original request of approximately \$361 million. The Commission's vote was 4 to 1.

The rate increase is the first general electric rate increase for the state's largest electric company in approximately 20 years. The rate decision is based on AmerenUE's cost of providing service to its Missouri customers. Costs associated with the cleanup and settlement of the Taum Sauk reservoir will not be passed on to AmerenUE customers.

AmerenUE last received an increase in general revenues in 1987. That increase reflected the final year of a rate phase-in associated with costs of the Callaway nuclear power plant.

Under the Commission's decision today, electric rates for an average residential customer will increase by about \$2.33 a month. With this increase granted today, electric rates for a residential customer using approximately 1,000 kilowatt-hours of electricity a month will still be paying about \$7 less a month than they were in December of 1987 when the last rate phase-in from the Callaway case was implemented.

The Commission today rejected a request by AmerenUE to implement a fuel adjustment clause. After carefully considering the evidence and arguments of the parties, and balancing the interest of ratepayers and shareholders, the Commission concluded that AmerenUE's fuel and purchased power costs are not volatile enough to justify the implementation of a fuel adjustment clause at this time.

A fuel adjustment clause, if approved by the Commission, would have allowed for increases or decreases in fuel and purchased power costs after base rates were set in this rate case which would be passed through to customers as a separate line item on their bills.

The rate increase reflects an increase in AmerenUE's annual tree-trimming budget to approximately \$45 million.

"At PSC local public hearings consumers spoke loud and clear about the storm outages and overall service issues," said Chairman Jeff Davis. "This Commission continues to respond to those concerns. Work continues on three proposed rules addressing vegetation management, infrastructure inspection and maintenance and service reliability. We hope to have those proposed rules filed with the Secretary of State very soon," said Davis. Publication of the proposed rules begins the public comment and hearing process.

The Commission has authorized a return on equity of 10.2% for AmerenUE. When AmerenUE filed its rate request last July, it sought a return on equity of 12%. Return on equity is generally the return to shareholders for their investment in the company.

AmerenUE serves approximately 1.1 million electric customers in Missouri.